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CENTRAL INTELLIGENCE AGENCY

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SUPPLEMENT TO
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Administrative Changes

1. The decision to place the SMV directly under the jurisdiction of the Petroleum Administration Technical Bureau in Moscow followed a concerted attempt by USIA to gain control over the SMV. In November and December 1948, RYABININ was in Moscow where, during conferences which were attended by MALAVIN of USIA and Moscow officials, he succeeded in ^{preventing} ~~preventing~~ the amalgamation of the two Soviet enterprises under USIA direction and assured the SMV of direct responsibility to Moscow.*
2. All firms in the SMV complex have been given increased independence, and are permitted to make their own purchases without first clearing each individual order through the SMV purchasing office on Kantgasse. Payments for purchases between two SMV-controlled firms may now be made directly to the seller, rather than into the Soviet Military Bank account.
3. Members of the Communist Party employed in the Zistersdorf fields are reported to have begun propagandizing for an agreement between the Austrian Government and the Soviet Union whereby joint Austro-Soviet holding companies would be formed for long-term operation of all SMV-controlled enterprises. ** and ***

Dismissals and Reassignment of Personnel

4. RYABININ, and his two deputies, YEGOROV, director of the Technical Branch of SMV, and YESKOV, director of the Administrative Branch of SMV, have been recalled to the Soviet Union. For a short period, TOLKACHEV took over the directorship of SMV from RYABININ. TOLKACHEV has now returned to the Soviet Union and, in turn, has been replaced by CERNOMORSKY. YEGOROV has been replaced by KORNIEV, formerly deputy in the Drilling and Production Division, as head of the SMV Technical Branch. Other Soviet SMV employees with three years service in Austria have also been recalled. MAMIKONYANZ, chief bookkeeper at SMV Kantgasse, LOSCHIN of the SMV Personnel Branch, and Lt. RATNER of the Cultural Section, are scheduled to return to the Soviet Union in the near future. KUSMICH, now director of the

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Weights and Measures Section and head of the Patent Section of SMV, will be ~~LOSHIN's~~ temporary successor as head of the Personnel Branch.

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5. Other recent reassignments and changes in SMV personnel have been:

Director ULRICH, who formerly was Director KASURA's assistant in the Schottengasse and acted as liaison man between the KPOe and the SMV Kantgasse and Schottengasse offices, has moved to Habsburgergasse where he is now deputy to the Soviet director of "Erdgas".

Lt. Colonel PAPOSHIN, allegedly an MVD officer, is now in charge of security control in the SMV. He is described as being tall, heavy, and brutal.

MITTELMANN, who is reported to be a former MVD officer with the rank of 1st lieutenant, has taken over KASURA's position as Director of of the Schottengasse purchasing office and is currently engaged in selling out SMV stocks. He is a Russian Jew and has a degree in engineering.

Director KASURA has returned to the Soviet Union after turning over his affairs to MITTELMANN and terminating the major work of the purchasing office on Schottengasse.

LASTIVKA, a Rumanian and a Communist, has been named acting chief accountant of the SMV purchasing office. He is not an Austrian citizen.

LISENKO, a Rumanian and a Communist, has been appointed chief of the SMV motor pool No. 1 in Stadlau.

KAROLUS, an engineer, has been named production chief of the Muehlberg oil fields. He is stateless and a Communist.

Mrs. NOWAK, born in Riga, is personnel chief of the purchasing office on Schottengasse, and has recently obtained Austrian citizenship. Her husband is a driver for the SMV central warehouse in Neusiedl. Mrs. NOWAK is an ardent Communist and gives political lectures to SMV personnel.

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6. Personnel dismissals have begun in the SMV warehouse at Lobau and in the central warehouse in Neusiedl a/d Zaya. At Lobau, the warehouse chief, a member of the KPOe, and eight employees were dismissed because of work shortage. At Nova-Schwechat 147 persons, most of whom are SPOe members, have been notified of impending dismissal but, in accordance with Austrian labor regulations, will continue to work until the end of March. The entire staff of the SMV warehouse in the Wintershall field has been dismissed and a new entirely Communist crew is being recruited. In the oil wells and refineries, work has been cut from three eight-hour shifts to one day and one night shift. ****

Dismantling and Sales of Stocks

7. So much of the operating equipment at the Moosbierbaum refinery has been dismantled and sold that production will presumably be curtailed or discontinued in the near future. At the Nova refinery, 150 persons were dismissed on 15 February 1949, and the Soviet director is reported to have stated that he would soon be looking for a new job. At the refineries WIFO-Lobau, "Okeros" in Stockerau, Shell in Floridsdorf, and Vacuum in Kagran, and in the central warehouse at Lobau, a steady process of dismantling and sale of equipment has been going on which, if continued at the present rate, would completely strip the installations by the fall of 1949. ***** The only SMV projects in which the Soviets are making investments are the oil fields Muehlberg, Matzen, DEA I, and Neusiedl, the Voessendorf and Kleidering refineries, and the Rumpel drilling

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stated that these would be "held to the end."

8. The dissolution of the SMV Purchasing Office in the Schottengasse, the SMV warehouse in Lobau, and the central warehouse at Neusiedl a/d Zaya is scheduled to be completed in May 1949. According to the Soviets, these cut-backs are economy measures, but they are not expected to improve the overall critical situation of SMV finances. The Schottengasse Purchasing Office still purchases only the most necessary items for current production, including sodium acetate, caustic soda, and lye.
9. The sale of accumulated and newly dismantled SMV stocks is continuing. The items below are a few examples of the types of equipment being sold and the prices which are being obtained for them.
- 3,000 gas cylinders at a price of 102 schillings each have been sold to the Stalinwerk at Most, Czechoslovakia.
 - 290 tons of oil well derrick parts have been sold to Waagner-Biro, Stadlau for 950 schillings per ton. The derricks involved in this sale were dismantled from less productive oil wells in the Zistersdorf fields.
 - The following quantities of iron pipe (Siederohre) are being sold through Engineer GRUBER of the Ferngas Company, Habsburgergasse 1, at a price of 2.35 schillings per kilogram. Twenty percent of the pipes are new and eighty percent were dismantled from wells previously exploited by the Soviets.

Pipe Sold from the Warehouse Meyersdorf near Matzen

Outside Diameter	Inner Diameter	Number of Meters	Weight in Kg. per meter	Total Weight in Kg.
318 mm	305	107.77	57.40	9,802
284	207	299.94	45.00	13,500
263	250	883.74	38.00	33,582
233	220	314.91	34.00	10,710
191	180	231.30	24.00	5,551
216	204	175.34	31.10	5,453
20 pieces, 2" diameter L20 L20 (approx.)			3.77	75.4
				<u>79,042</u>

Pipe sold from the Warehouse Prottes near Matzen

Outside Diameter	Inner Diameter	Number of Meters	Weight in Kg. per meter	Total Weight in Kg.
318 mm	305	172.42	57.40	9,895
233	220	305.51	34.00	10,370
216	204	582.76	31.10	18,131
191	180	271.96	24.00	6,528
159	150	434.36	17.20	7,471
159	150	380.00	17.20	6,536
				<u>58,925</u>

Grand Total 137,967

- 1,500 kilograms of 99 percent pure welding tin has been sold to the firm Zerza at a price of 53 schillings per kilogram. The Zerza company is allegedly a large scale black market firm which formerly supplied both USIA and the SMV with lead. Its director was arrested in August 1948 on charges of black marketing but was released after the payment of a 165,000 schilling bond. *****
- The firm Dr. Alfred BACK, Vienna III, Radetzkystrasse 25, has purchased the entire stock of iron rods for reinforced concrete from the SMV installations in Moosbierbaum, a total of approximately 700 tons. It also purchased nine tons of hand saws and circular saws.
- In 1948 the SMV

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"India" steel for coating deep drilling equipment, but the steel proved to be of no use for this purpose. The SMV has been trying to sell the steel at 150 schillings per kilogram but has had no customers.

- g. The SMV is negotiating for the sale of approximately 80 tons of lead pipe at 12 schillings per kilogram.
- h. The firm Compass, Vienna III, Rennweg 2, has purchased 10 tons of copper. The deal was negotiated through the firm BLUN in Stalinplatz, which has always worked very closely with Soviet authorities, not only on the purchase and sale of copper, but also on the purification of copper. The BLUN company allegedly has its own copper purifying plant. On its own behalf, the BLUN company has purchased tin, galvanized iron and other materials from the oil fields for resale to Eastern European states. SMV accountants have no exact records of these sales. *****
- i. There are currently approximately 500 tons of scrap at the SMV warehouse Lobau, most of which was obtained from very recent dismantlings. Approximately three-carloads of scrap are added to the stock pile daily.

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Miscellaneous

- 10. SMV and USIA receive regular quotas of automobile tires from the Semperit company, but the records of the SMV purchasing office show that fifty percent of its quota is routed to some other agency before it reaches SMV.
- 11. SMV employees are puzzled by the arrival of Romanian lubricating oils at the SMV oil fields. The first shipment of 80 barrels, 17,535 kilograms, arrived from Petrol Export, Bucharest, on 22 February 1949 and was forwarded to SMV's central warehouse in Neusiedl. In order to avoid paying customs duty, the shipment was certified as belonging to the Soviet Occupation Forces in Austria.
- 12. The household utensil firm Kaendl, which has previously purchased scrap from the SMV, is now negotiating with the Soviets for the purchase of a former DDSG building on Kaerntnerstrasse.
- 13. The shortage of tank cars for the transport of SMV products has become extremely critical and MITTELMANN has allegedly stated that new cars may not be procured.

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** [REDACTED] Comment: This move on the part of the KPOe may be in preparation for a future workers' referendum throughout USIA and SMV-controlled industries whereby the Communist workers would vote for the retention of these industries by the Soviets after any withdrawal of the occupying powers.)

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*** [REDACTED] Comment: Soviet plans for the formation of a holding company to embrace all [REDACTED] of the USIA Heavy Industry Department were reported [REDACTED] Legstahl as a holding company for USIA patents [REDACTED] propaganda in favor of a holding company for all SMV [REDACTED] to the recently observed pattern of Soviet efforts to integrate USIA and SMV firms in a favored status under Austrian law.)

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**** [REDACTED] Comment: [REDACTED] reported that, on approximately 23 February 1949, VAJDA, [REDACTED] Stersdorf-Neusiedl areas, circulated a letter to other personnel directors who are members of the KPOe, directing that key drilling/administrative personnel be reduced immediately to as much as 15% below minimum operating requirements. When shortages became noticeable, rehiring was to begin from a list of approved and reliable members of the KPOe. There is a possibility that VAJDA's letter may be part of a general directive to create vacancies for reliable Communists throughout the SMV,

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[REDACTED] of the formation of an Austro-Soviet oil holding company mentioned above. It would, however, be a new trend away from the distrust of KPOe efficiency in key USIA and SMV posts which the Soviets have always shown in the past.)

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***** [REDACTED] Comment: These dismantlings and sales of stocks are interpreted by SMV employees in Kantgasse and Schottengasse headquarters as indications that the Soviets intend to release the installations mentioned after stripping them of equipment which has any resale value.)

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***** [REDACTED] Comment: This is the first time [REDACTED] mentioned Soviet interest in the Klederinger Mineraloel-Raffinerie, Kledering, Lower Austria, which produces assorted greases and fats, and reclaims used lubricating oils.) 25X1A

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***** [REDACTED] Comment: The reference is probably to the firm Otto ZERZA, Vienna VI, Linke Wienzeile 46 [REDACTED]

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***** [REDACTED] Comment: Neither [REDACTED] Compass for Austria nor in the [REDACTED]

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